

SAND POINT HISTORIC DISTRICT STRATEGIC DEVELOPMENT PLAN 2004-2005

To provide direction on the strategic development and near-term actions for buildings in the Sand Point Historic District.

The Challenge

It is time for the City to reexamine to what extent it will go to retain and reuse the historic structures that were transferred from the Navy. Delaying these decisions will result in continued deterioration of the facilities. To summarize:

- There are 11 major City-owned buildings within the Sand Point Campus (see attachment A).
- The buildings are currently under-utilized and require substantial capital investment (\$42.7 million in 2003 dollars) to bring them up to a basic useable condition where tenants could make further “finished” improvements.
- Re-use of the nine buildings that contribute to the Historic District is constrained by federal historic and recreation covenants:
 - Historic covenant: requires the City “*to make every effort to retain and reuse, to the extent practicable, the historic structures*” consistent with its potential registration as a National Historic District.
 - Recreation covenant: states that the property “*shall be used and maintained for public park and recreation purposes in perpetuity*” as set forth in the Sand Point Reuse Plan.
- Investments in preservation of historic structures are difficult to finance based upon traditional park and recreation uses.

Investment History

Investment in City-owned buildings and property since 1997 has been limited to: life-safety major maintenance (\$14.7 million); capital improvements associated with the 1999 Seattle Center and Community Centers Levy (\$3.1 million); and the 2000 Pro Parks Levy (\$618,000). The University of Washington and Sand Point Community Housing Association have invested \$25 million and \$6 million respectively in capital improvements in the 11 buildings that they own on the campus. See attachment B for a list of specific improvements.

Target Public and Private Investment

This approach focuses on opportunities presented by each building in the campus.

- Four buildings would be developed by the City.
- Two buildings would be demolished.

- Development partners would be sought for the remaining five buildings within the next 24 months.

Target Public and Private Investment Option Summary

Building	Former Use	Sq. Ft.	Contribute to Historic District	Net Useable Condition Investment (millions)	Approach	Developer
41	Gas Station	2,034	No	0.3	Demolish	None
12	Steam Plant	6,564	yes	1.8	Demolish	None
18	Fire Station	13,722	yes	1.4	Pending	SPACE or other arts tenant
2	Repair Hangar	147,966	yes	14.7	Pending	Sports RFP
67	Motor Pool	31,909	yes	3.1	Pending	Seek arts partner
11	Public Works	45,957	yes	5.4	Pending	Sports RFP
27	Seaplane Hangar	107,474	yes	8.5	Pending	Sports RFP
30	Aircraft Hangar	79,972	yes	6.2	Preserve	City for public assembly/office/library
406	Brig	29,270	no	0	Preserve	City for recreation/day care RFP
138	Gatehouse	13,084	yes	1.3	Preserve	City for office or food service
47	Recreation Center	50,606	yes	n/a	Preserve	City for recreation/Sports RFP undeveloped part
New	Tennis Center		no	10	New	RFP
Total		528,558		42.7		
Contribute to historic district		497,254				

Review Possible Commitment to City Development of Four Buildings:

Buildings 30, 47 and 406 would be preserved based on prior City capital investments, as would Building 138 (Gatehouse) given its prominence on the campus. The investment needed to bring Buildings 30 and 138 to useable condition for tenant improvements is \$7.5 million with the goal of recouping this investment from rental income. The near-term investment to preserve building 138 is \$96,000 for a roof. Building 406 is in useable condition and no immediate investment is needed. Building 47 has been partially renovated. The cost of bringing the remainder of the building to useable condition has not been estimated.

Next steps for these buildings are:

- *Amendments to Overlay District:* Request amendments to the Sand Point Overlay District to potentially allow administrative office and food establishments as principal land uses in order to pursue recommended re-use options for Buildings 30 and 138. Amendments would also be needed to allow signage exceeding current single-family development standards.
- *Real Estate Expertise:* Engage commercial real estate experts to assess City development of Buildings 30 and 138 as mixed-use administrative office, food service and public assembly space.
- *Library:* Resolve decision on location of a Seattle Public Library branch.

- *Community Center Operations:* Continue to operate Building 47 as a community center in conjunction with issuance of a sports RFQ (see below).
- *Community Activity Center Operations:* Seek a mix of Parks and non-parks recreation programs in Building 406.
- *Child Care RFP:* Issue an RFP for a child-care facility in Building 406.

Buildings Slated for Demolition under this Option:

Buildings 12 (steam plant) and 41 (gas station) would be demolished.

- Building 12 has the highest costs to bring the building to useable condition at \$279.00 per square foot, which translates to a non-economic rental rate of \$22.42 per square foot before tenant improvements. This building is currently vacant – demolition could proceed as soon as funding is available.
- Building 41 does not contribute to the Historic District and the cost of bringing the building to useable condition is \$125.00 per square foot – the second highest per square foot costs – for a high effective rental rate of \$11.35 per square foot. This building is currently used as a park maintenance facility and demolition could be delayed.

Pursue Long-term Private Partnerships: Parks proposes further efforts to determine if there are recreation uses that would be economically viable and allow for preservation of Buildings 2, 11, 18, 27 and 67 with minimal or no cost to the City. These efforts would also include determining if there is a viable partner for developing an indoor/outdoor tennis center. Long-term partnerships of 20 or more years are likely to be necessary to make this approach economically viable for a partner. These buildings represent 70% of the square footage of buildings that contribute to the Historic District.

In order to make a preservation decision the Department proposes to engage in the following actions during the next 18 to 24 months:

- *Sports RFQ:* Issue an RFQ for indoor sports developers to partner with the City in the re-development of Buildings 2, 11, 27 and 47 and an indoor/outdoor tennis center.
- *Arts Development:* Proceed with renovation of Building 18 only if it is confirmed that we can obtain a certificate of occupancy. Develop contract or lease with the Sand Point Arts and Cultural Exchange (SPACE) for Building 18 as an art studio space if determined appropriate. Pursue an arts programming development partner in Building 67. This would include working with City Office of Arts and Cultural Affairs.
- *Film Studio:* Resolve decision on use of Building 2 as a film studio with City Office of Film and Music.
- *Amendments to Overlay District:* Request amendments to the Sand Point Overlay District to allow uses to be included (if necessary) in the RFQ and expand the Overlay District to include Building 27.
- The Department will research alternatives if partners cannot be found for some or all of these buildings and the decision is made to demolish them. A

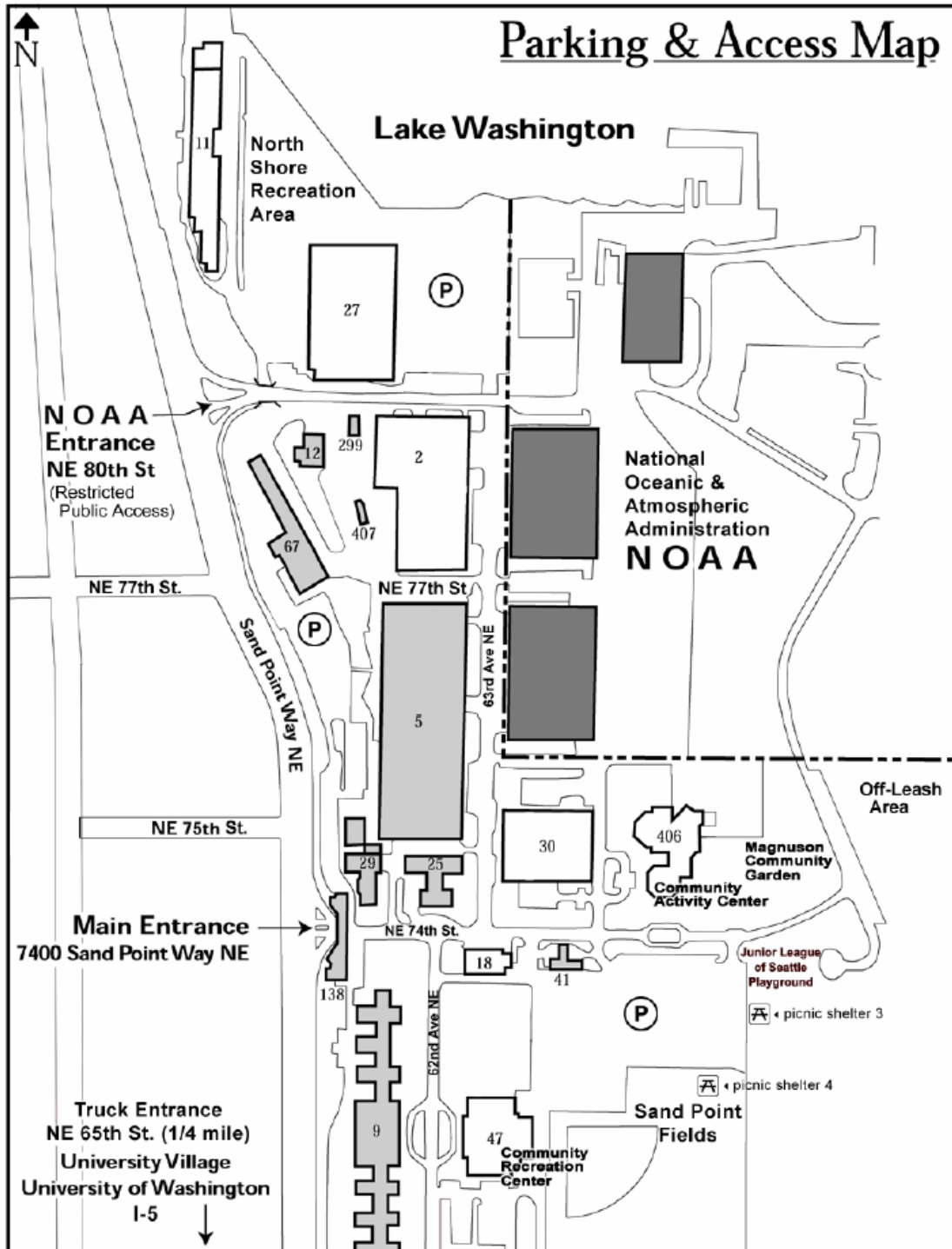
critical question is whether the Sand Point Overlay District can/should be amended to retain the coverage and volume of buildings that now exist on the site. This would allow the Department to maintain the indoor sports options that require hangar type buildings even if it isn't economical to preserve the existing buildings.

This approach maintains the City's commitment to parks and recreation uses and historic preservation. It demonstrates to the community and the National Park Service that all reasonable attempts are being made to honor the deed covenants. This approach builds on past investments and recognizes buildings that would likely never be reused. It recognizes importance of both arts and sports. It requires no new immediate City capital investment allocations. The option delays decisions on building preservation issues while arts and sports RFQ are being pursued.

Legislation/Council Action

No action is immediately required by the City Council. If the Department determines that there will be interest in a development partnership then a Council Resolution to support direction of plan and issuance of the sports RFQ would be beneficial. Amendments (if necessary) to the Sand Point Overlay District will require Council action.

Attachment A



Attachment B

Sand Point Campus and Historic District Improvements 1997-present

- Utility Upgrades. In 1997 the City Council approved funding for upgrades to the on-site utility systems. The water and sewer systems were replaced and a conduit was installed for the electrical and telecommunications system. Street lights were installed and other minor improvements were made. The University of Washington and Sand Point Community Housing Association shared in the cost of those improvements. **Total costs = \$11.2 million.**
- The Brig. The Pro Parks Levy allocated \$618,000 for improvements to the former Brig in 2003. Prior to that, approximately \$200,000 in revenues were allocated to upgrade the HVAC system and make other minor improvements. This building can be fully occupied. **Total costs = \$618,000**
- Recreation Center. The 1999 Community Center Levy provided \$3.1 million to make improvements to this building. In addition, \$1 million was allocated from CRF funds to replace the roof. That work was completed in 2003 and this building opened as the Magnuson Community Center in February 2004 making the 500-seat theater, the gymnasium and one meeting room available for public use. Renovations were not undertaken for the pool, locker rooms, and approximately 15,000 square feet of office and activity space in this building and cannot be occupied until improvements are made. **Total Costs = \$4.1 million.**
- Building 30. Major Maintenance CRF funds were allocated to replace the roof on this building and make some seismic upgrades in 2003. The \$1.5 million project was completed in 2003. Prior to 2003 approximately \$100,000 in revenues had been allocated to install a partial heating system and make other minor improvements. The hangar in this building hosts a range of community events and a portion of the office space is occupied. Approximately 21,000 square feet of office space cannot be occupied until improvements are made. **Total Costs = \$1.6 million.**
- Other Miscellaneous Improvements. Since 1997 minor improvements have been made to other buildings and two buildings in the campus have been demolished. Minor improvements have included roof patches, hazardous materials removal, door and window replacement, emergency exit signage, etc. A new heating system was installed in Building 138 (the Gatehouse). Minor improvements have been made in order to attract paying tenants and maintain building safety. **Total Costs = \$870,000.**
- University of Washington. The University has fully renovated two of the five buildings it owns within the campus. It is likely to demolish one building and is researching options for redevelopment of the remaining two buildings as defined in an educational use covenant. **Total Costs = \$25 million.**

- Sand Point Community Housing Association (SPCHA). The SPCHA has fully renovated six buildings it owns. It has plans to build up to 103 new units on its pre-approved locations on-site, both inside and outside the historic district. **Total costs = \$6 million.**